

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEAL OF JOHN L.)	APPEAL NO. 06-A-2562
HABBERSTAD from the decision of the Board of)	FINAL DECISION
Equalization of Kootenai County for tax year 2006.)	AND ORDER

RESIDENTIAL PROPERTY APPEAL

THIS MATTER came on for hearing December 15, 2006, in Coeur d'Alene, Idaho, before Hearing Officer Steven Wallace. Board Members Lyle R. Cobbs and David E. Kinghorn participated in this decision. Appellant John Habberstad appeared for himself. Assessor Mike McDowell appeared for Respondent Kootenai County. This appeal is taken from a decision of the Kootenai County Board of Equalization (BOE) modifying the protest of the valuation for taxing purposes of property described as Parcel No. 53N05W356800.

The issue on appeal is whether the subject's Category 12 land is properly assessed.

The decision of the Kootenai County Board of Equalization is affirmed.

FINDINGS OF FACT

The subject assessment contains one (1) acre of Category 12 - Rural Residential Tract land at \$234,600 and 12.618 acres of Category 6 - Productivity Forestland at \$6,484.¹ The improvements' valuation is \$12,201, for a total parcel value of \$253,285. Appellant requests the Category 12 land value be reduced to \$66,000. There is no dispute on other category values.

The subject property is 13.618 acres improved with a small cabin. The cabin is used as a seasonal rental and is located on an upper portion of the acreage near the county road. The lower portion of the property has 1,334 feet of frontage on Twin Lakes and is improved with a boat dock and fire pit. Subject's beach and waterfront area is used with permission by neighbors

¹Categories used in property tax assessment are listed and described in Property Tax Administrative Rule 130. IDAPA 35.01.03.130.

and the tenants.

The County considered the homesite use on subject to be associated with and benefitted by the waterfront. Therefore the land value associated with the residence was the same as other residential waterfront parcels. There was no distinction in assessed value for waterfront property based on where the residence was located, i.e. at the water or located some distance away from the water. A typical 50 front foot building site was observed in the marketplace and lakefront sales were considered to value this amount of frontage. The value was then allocated to one acre of subject parcel and the balance assigned to the forest land classification. For upland type homesites without lake frontage, the Assessor considered this different and did not consider waterfront sales. The current assessed value for subject's Category 12 land was arrived at through trending (2004 - 1.15, 2005 - 1.50 and 2006 - 1.60.)

Appellant reports he does little to no maintenance of the boat dock and beach area. It is used and sometimes maintained by neighbors or the cabin tenants. The Board is asked to consider one of its rulings from 1981 that involved the subject land (Appeal No. 81-A-3581.) Appellant contends the cabin site, being some distance away from the lake, should be assessed like a neighboring parcel with no lakefront. This assessment comparable, which is considered to be the closest property, is reportedly assessed for \$66,780. Both the subject cabin site and the comparison property are situated near a mid-mountain county road and not the lakefront. Appellant points out the suggested valuation approximates a four-to-one value ratio between lakefront homesite values and upland homesite values. The subject cabin's 2006 gross rental income of \$1,200 was noted to not reflect a lakefront property. The lake is not visible from the cabin.

CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

Much of the subject parcel's land is classified and valued as forest land. Title 63, Chapter 17, Idaho Code. There is no dispute on the valuation of this specially valued timber land. Nor is there any dispute with the value placed on the improvements to the subject land. The dispute in this case, lies with the value placed on the land that is associated with the cabin and not used for timber production. In this regard Appellant raised no case with the dimensions of the associated homesite, i.e. the County's determination of one acre being subject to the market value standard. The Board notes this particular size is more common than not, and is designed to include the various land areas not dedicated to active timber production.

In valuing this residential land pursuant to its market value, the County looked to comparable sales of nearby lakefront properties using a typical lake frontage of 50 feet. Subject's actual lake frontage is considerably larger, however the County sought to capture a value commensurate with a typical residential site that enjoyed lake frontage. None of the referenced sales had the main residential improvement located well above the lake as is present with the subject property. Evidently, no such comparable sales were available in subject's area. The record does not reveal that subject's rather modest cabin site and associated improvements received any appraisal adjustment. The cabin site assessment appeared to be equivalent to that of a residence site directly on beach or waterfront.

By contrast, Appellant considered subject's Category 6 land without a lakefront benefit,

characterizing it as a secondary or second tier lot. A comparable assessment was presented with no lakefront access, and the subject cabin site was basically argued to be no more or less valuable. The value claim was also supported by a ratio argument, the contention being that a secondary site value bears a constant relationship to higher-priced lakefront property.

The Board is not persuaded the assessment should ignore the actual lakefront nature of the subject parcel. The lake and beachfront area is accessible and demonstrated to be valuable. Waterfront improvements support this contention. Ideally, the County comparables might have been more similar to subject's particular cabin site development and lake proximity; but to ignore the lake and beachfront influence as suggested by Appellant's case is considered unreasonable.

A portion of the subject land is used for other than timber production. This land must be valued as the marketplace would value it. The particular residential use is clearly benefitted by the lakefront nature of the parcel. A homesite with lakefront benefits should be compared to other like properties, i.e. those with similar lake frontage and other characteristics of the subject site. A reference to the assessed value of a nearby property is not considered good evidence of market value. Taxpayer's value claim was not found to any value influence from the lake frontage property factor.

The County has the more persuasive case regarding the cabin site's likely market value. The County fundamentally and correctly looked to recent and proximate sales information to value the cabin site. The lakefront feature would reasonably be expected to influence a probable buyer. For the reasons discussed above, the decision of the Kootenai County Board of Equalization will be affirmed.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Kootenai County Board of Equalization concerning the subject parcel be, and the same hereby is, affirmed.

DATED this 27th day of April, 2007.